



General Assembly

## ***Amendment***

***February Session, 2014***

**LCO No. 4995**

**\*SB0024904995SR0\***

Offered by:

SEN. MCKINNEY, 28<sup>th</sup> Dist.

SEN. FRANTZ, 36<sup>th</sup> Dist.

SEN. MCLACHLAN, 24<sup>th</sup> Dist.

SEN. WELCH, 31<sup>st</sup> Dist.

To: Senate Bill No. **249**

File No. 276

Cal. No. 216

(As Amended by Senate Amendment Schedule "A")

### **"AN ACT PROMOTING RETIREMENT SAVINGS."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective from passage*) (a) The General Assembly  
4 hereby finds:

5 (1) Whereas, Connecticut has the second highest unfunded pension  
6 liability in the country;

7 (2) Whereas, Connecticut's unfunded pension liability exceeds  
8 thirteen billion three hundred million dollars;

9 (3) Whereas, Connecticut taxpayers contribute more towards state  
10 employee pensions than taxpayers in almost all other states, with a

- 11 taxpayer to employee funding ratio at least twice the national average;
- 12 (4) Whereas, Connecticut has the third highest state and local tax  
13 burden as a share of income;
- 14 (5) Whereas, "Tax Freedom Day" for Connecticut residents falls later  
15 than any other state, May ninth, causing them to work longer than  
16 residents of any other state simply to pay their federal, state and local  
17 taxes;
- 18 (6) Whereas, the biennial budget for the fiscal years commencing  
19 July 1, 2010 and July 1, 2011, raised state taxes by two billion six  
20 hundred million dollars;
- 21 (7) Whereas, despite this tax increase, revenue fell in the most recent  
22 quarter coming in four hundred sixty-one million dollars below  
23 projections;
- 24 (8) Whereas, just two years after raising taxes by two billion six  
25 hundred million dollars, Connecticut faces yet another two billion  
26 seven hundred million dollar out-year deficit;
- 27 (9) Whereas, because of declining revenues, the state's planned one  
28 hundred million dollar contribution to the state employee pension  
29 fund has been cancelled, exacerbating our long term liability;
- 30 (10) Whereas, Connecticut is one of few states to make pensions a  
31 mandatory subject of collective bargaining, ceding legislative authority  
32 and responsibility to the executive branch; and
- 33 (11) Whereas, Connecticut residents cannot bear additional tax  
34 increases or increased debt without threatening their economic welfare  
35 and the economic stability of the state.
- 36 (b) Now therefore, it is hereby found and declared that there exists a  
37 severe financial emergency in Connecticut and that in light of the  
38 state's accumulating deficit, long term liabilities and unsustainable

39 employee obligations, it is necessary and in the public interest to  
40 modify the state's employee pension system so that the state can meet  
41 its long term commitments to all state employees while protecting the  
42 state's financial integrity, economic stability and competitiveness for  
43 all its residents. Therefore, the following changes in sections 502 to 504,  
44 inclusive, of this act are hereby declared as a matter of legislative  
45 determination to be reasonable and necessary to implement an  
46 important public purpose.

47 Sec. 502. (NEW) (*Effective from passage*) Notwithstanding any  
48 provision of chapter 66 of the general statutes to the contrary and  
49 notwithstanding the terms of any collective bargaining agreement, the  
50 Comptroller shall establish, not later than October 1, 2014, an  
51 employee defined contribution plan described in Section 401(k) of the  
52 Internal Revenue Code of 1986, or any subsequent internal revenue  
53 code of the United States, as from time to time amended, whereby each  
54 employee, as defined in section 5-196 of the general statutes, hired on  
55 or after October 1, 2014, shall participate in said plan in lieu of any  
56 retirement program established pursuant to chapter 66 of the general  
57 statutes.

58 Sec. 503. Subsection (l) of section 5-154 of the general statutes is  
59 repealed and the following is substituted in lieu thereof (*Effective from*  
60 *passage*):

61 (l) "State employee" means a person in state service, either  
62 appointive or elective, who begins such service prior to October 1,  
63 2014;

64 Sec. 504. Subsection (f) of section 5-278 of the general statutes is  
65 repealed and the following is substituted in lieu thereof (*Effective from*  
66 *passage and applicable to any state employee bargaining agent coalition*  
67 *agreement commencing on or after July 1, 2014*):

68 (f) (1) Notwithstanding any other provision of this chapter,  
69 collective bargaining negotiations [concerning changes to the state

70 employees retirement system to be effective on and after July 1, 1988,  
 71 and collective bargaining negotiations] concerning health and welfare  
 72 benefits to be effective on and after July 1, 1994, shall be conducted  
 73 between the employer and a coalition committee which represents all  
 74 state employees who are members of any designated employee  
 75 organization. (2) The provisions of subdivision (1) of this subsection  
 76 shall not be construed to prevent the employer and any designated  
 77 employee organization from bargaining directly with each other on  
 78 matters related to the state employees [retirement system and] health  
 79 and welfare benefits whenever the parties jointly agree that such  
 80 matters are unique to the particular bargaining unit. (3) The provisions  
 81 of subdivision (1) of this subsection shall not be construed to prevent  
 82 the employer and representatives of employee organizations from  
 83 dealing with any state-wide issue using the procedure established in  
 84 said subdivision."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>from passage</i>	New section
Sec. 502	<i>from passage</i>	New section
Sec. 503	<i>from passage</i>	5-154(l)
Sec. 504	<i>from passage and applicable to any state employee bargaining agent coalition agreement commencing on or after July 1, 2014</i>	5-278(f)